

**RESPONSE TO QUESTIONS 43 & A21: NATURE OF APPLICATION AND
PUBLIC INTEREST STATEMENT**

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

Application of)
)
THE NEWS CORPORATION LIMITED AND THE)
DIRECTV GROUP, INC. (F/K/A HUGHES)
ELECTRONICS CORPORATION), Transferors,)
)
and)
) IB Docket No 04-____
CONSTELLATION, LLC, CARLYLE PANAMSAT I,)
LLC, CARLYLE PANAMSAT II, LLC, PEP PAS,)
LLC AND PEOP PAS LLC, Transferees,)
)
For Authority to Transfer Control of PanAmSat)
Licensee Corp.)
)
)

**CONSOLIDATED APPLICATION FOR
AUTHORITY TO TRANSFER CONTROL**

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TABLE OF CONTENTS

I.	INTRODUCTION AND SUMMARY	1
II.	BACKGROUND	3
A.	Description of the Parties.....	3
1.	PanAmSat and PanAmSat LC	3
2.	The DIRECTV Group and News Corp. (Transferors).....	4
3.	The Proposed New Shareholders of PanAmSat (Transferees)	6
B.	Description of the Proposed Transaction	12
III.	THE PROPOSED TRANSACTION SERVES THE PUBLIC INTEREST	14
IV.	TREATMENT OF PENDING APPLICATIONS, APPLICATIONS ACTED UPON DURING INTERIM PERIOD AND APPLICATIONS THAT REMAIN PENDING AT CONSUMMATION.....	19
V.	CONCLUSION.....	21

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I. INTRODUCTION AND SUMMARY

The News Corporation Limited (“News Corp.”)¹ and The DIRECTV Group, Inc., f/k/a Hughes Electronics Corporation (“The DIRECTV Group”), pursuant to Section 310(d) of the Communications Act of 1934, as amended (the “Communications Act”), submit this joint Application for Commission consent to the transfer of control of PanAmSat Licensee Corp. (“PanAmSat LC”) from News Corp. and The DIRECTV Group to Constellation, LLC (“Constellation”), Carlyle PanAmSat I, LLC (“Carlyle PanAmSat I”), Carlyle PanAmSat II, LLC

¹ News Corp. is joining this application as a transferor due to the finding by the Commission that News Corp. has a *de facto* controlling interest over The DIRECTV Group and its subsidiaries, including PanAmSat. *See General Motors Corporation and Hughes Electronics Corporation, Transferors and The News Corporation Limited, Transferee, for Authority to Transfer Control*, 19 FCC Rcd 473 (¶ 14) (2004) (“*Hughes/News*”). News Corp. disclaims beneficial ownership of the voting securities of PanAmSat held by subsidiaries of The DIRECTV Group and does not concede, by this filing, that PanAmSat is controlled by News Corp. or its subsidiaries.

(“Carlyle PanAmSat II”), PEP PAS, LLC (“PEP PAS”) and PEOP PAS, LLC (“PEOP PAS”). PanAmSat LC holds various FCC non-common carrier space and earth station authorizations. Upon completion of the proposed transaction, approximately 99 percent of the stock of PanAmSat LC’s parent company, PanAmSat Corporation (“PanAmSat”) will be owned by the five above-captioned limited liability companies that will in turn be owned by investment funds (the “Private Equity Funds”) associated with three U.S. private investment firms: Kohlberg Kravis & Roberts Co. L.P. (“KKR”); TC Group, L.L.C., d/b/a The Carlyle Group (“Carlyle”); and Providence Equity Partners, Inc. (“Providence”).

As set forth more fully below, the proposed transaction complies with the requirements of the Communications Act, all other applicable statutes and the Commission’s rules. The Commission should promptly consent to the proposed transfer of control because the transaction will serve the public interest by fostering PanAmSat’s continued service to its customers and the public generally and by enhancing its ability to compete in the satellite services industry.

Prompt processing of this Application is of particular importance considering the currently favorable public bond and bank loan markets, which will maximize the benefits of the transaction. However, the increasing likelihood of near-term interest rate increases has led to uncertainty in these markets.² Transaction costs associated with the proposed transfer of control may rise considerably in the event of an interest rate increase, potentially limiting the public interest benefits of the transaction. Accordingly, the parties respectfully request that this Application be granted as expeditiously as possible.

² See, e.g., Financial Times, London edition (May 7, 2004), p. 1 (“Mr. Greenspan this week signaled that US interest rates would be raised soon . . .”).

Following the closing of the proposed transaction, PanAmSat LC will supplement its pending applications as required under the Commission's rules, 47 C.F.R. § 1.65, to reflect the new ownership structure of PanAmSat. Applicants also will follow the Commission's procedures for changes of ownership of satellites on the Permitted Space Station List.³ To the extent that any pending applications, or any other applications for new facilities or for renewal or modification of existing facilities, are granted prior to the closing of the proposed transaction, the parties request a determination by the Commission that the grant of this Application includes consent with respect to all such subsequently granted authorizations.

The parties request that the Commission designate the proceeding concerning this Application as a permit-but-disclose proceeding under 47 C.F.R. § 1.1206. This designation would be in keeping with the *ex parte* status that the Commission has applied in proceedings involving similar transactions.⁴

II. BACKGROUND

A. Description of the Parties

1. PanAmSat and PanAmSat LC

PanAmSat is a publicly-traded Delaware corporation. Through its subsidiaries, PanAmSat owns and operates a fleet of 24 fixed-satellite service ("FSS") satellites around the world, as well as a comprehensive system of teleports and complementary terrestrial facilities. PanAmSat's satellites are capable of transmitting signals to geographic areas covering over 98 percent of the world's population. These satellites provide capacity for the transmission of cable and broadcast television programming from the content source to the cable operator or to the

³ See *Amendment of the Commission's Space Station Licensing Rules and Policies*, 18 FCC Rcd 10760, 10880 (¶¶ 326-27) (2003).

⁴ See, e.g., *Public Notice*, DA 03-1725 (May 16, 2003), at 3 (classifying the proceeding involving the transfer of control of Hughes Electronics Corporation as a permit but disclose proceeding).

consumer's home, and provide a "backhaul" transmission path for coverage of news, sports, and other events. PanAmSat's satellites serving the U.S. are able to reach nearly 100 percent of all cable subscribers, and its international satellites serve as the transmission platform for eight direct-to-home service providers worldwide. In addition, PanAmSat provides satellite services to telecommunications carriers, government agencies, corporations and Internet service providers for the provision of satellite-based communication networks, including private business networks employing very small aperture terminals.

Through its PanAmSat LC subsidiary, PanAmSat holds authorizations to operate non-common carrier FSS satellites using the C and Ku bands, as well as authorizations for numerous non-common carrier earth stations that transmit and receive signals in those frequency bands.⁵ A complete list of Commission authorizations held by PanAmSat LC is attached at Attachment 1.⁶

2. The DIRECTV Group and News Corp. (Transferors)

The DIRECTV Group is the corporate parent of several companies that provide specialized communications services to a wide range of end users. The DIRECTV Group beneficially owns an approximately 80.4 percent economic and voting interest in PanAmSat

⁵ The Commission granted PanAmSat LC's applications to remove the remaining common carrier designations from its earth station licenses in 2003. *See* FCC Public Notice, Report No. SES-00506 (rel. Jun. 11, 2003) (notice of grant of applications SES-MOD-20030425-00533; SES-MOD-20030425-00534; SES-MOD-20030425-00537); FCC Public Notice, Report No. SES-00510 (rel. Jun. 25, 2003) (notice of grant of applications SES-MOD-20030425-00535 and SES-MOD-20030425-00536; FCC Public Notice, Report No. SES-00514 (rel. Jul. 9, 2003) (notice of grant of SES-MOD-20030425-00532). PanAmSat also has notified the Commission of discontinuance of service under its subsidiaries' inactive Section 214 authorizations. *See* FCC Public Notice, 18 FCC Rcd 10552 (2003) (public notice of intent to surrender authorizations ITC-214-19980102-00004, ITC-93-236, ITC-95-579, ITC-85-221 and ITC-85-069).

⁶ PanAmSat and its subsidiaries also hold various "landing rights" authorizations issued by other countries, which are not part of this Application. In addition, PanAmSat is one of two members of Horizons Satellite LLC, which operates Horizons I, a satellite licensed by Japan that is on the Commission's "Permitted Space Station List." *See Horizons Satellite LLC*, 18 FCC Rcd. 24745 (Int'l Bur. 2003).

through its wholly-owned subsidiaries Hughes Communications Galaxy, Inc. (59.0 percent interest in PanAmSat), Hughes Communications Satellite Services, Inc. (11.8 percent) and Hughes Communications, Inc. (9.6 percent). The remaining shares of PanAmSat are publicly held.

The DIRECTV Group also indirectly owns all of the issued and outstanding interests of DIRECTV Enterprises, LLC (“DIRECTV”), one of the world’s leading direct broadcast satellite (“DBS”) operators. Together with certain independent distributors, as of March 31, 2004, DIRECTV served approximately 12.6 million subscribers in the United States.⁷ DIRECTV has become the centerpiece of The DIRECTV Group’s business plan.

The Commission has held that, for the purposes of the Communications Act, News Corp. exercises *de facto* control of The DIRECTV Group.⁸ News Corp. indirectly holds a 34 percent equity interest in The DIRECTV Group. News Corp. is a corporation formed under the laws of South Australia with securities that are publicly traded on both the New York Stock Exchange and the Australian Stock Exchange.⁹ It is a diversified international media and entertainment company with operations in several industry segments, including filmed entertainment, television, cable network programming, magazines and inserts, newspapers, and book publishing.

After the completion of the proposed transaction, neither News Corp. nor The DIRECTV Group will have any ownership interest in PanAmSat or its affiliated entities.

⁷ Of these subscribers, approximately 11.1 million subscribe directly to DIRECTV, while the remaining approximately 1.5 million subscribe through members and affiliates of the National Rural Telecommunications Cooperative.

⁸ *Hughes/News* at ¶ 14.

⁹ News Corp. recently announced a plan to reincorporate in the United States. See Press Release (dated April 6, 2004) (available at www.newscorp.com/reorg/press001.html).

3. The Proposed New Shareholders of PanAmSat (Transferees)

Pursuant to the proposed transaction, the majority of the equity of PanAmSat will be held by the following entities established by the Private Equity Funds: Constellation, which will hold 44.44 percent of the equity interests in PanAmSat; Carlyle PanAmSat I and Carlyle PanAmSat II, which will together hold 27.41 percent of the equity interests in PanAmSat; and PEP PAS and PEOP PAS, which will also together hold 27.41 percent equity interests. All of Constellation, Carlyle PanAmSat I, Carlyle PanAmSat II, PEP PAS and PEOP PAS are organized under the laws of the State of Delaware. A detailed description of the ownership, management and control of the transferees, including an organizational chart illustrating the proposed corporate structure after consummation of the proposed transaction, is attached hereto as Attachment 2 (also filed as Exhibit 4 to the Form 312).

KKR. Constellation is a newly-formed limited liability company affiliated with KKR. Constellation's officers all are executives of KKR or KKR & Co. LLC ("KKR LLC"), KKR's general partner, and all are U.S. citizens. KKR is a private investment firm that makes equity investments through private equity funds on behalf of itself and its investors. Most of KKR's investors are institutions, including state and corporate pension funds, banks, insurance companies, and university endowments. KKR has offices in New York City, Menlo Park, and London. KKR LLC has 13 members, including Messrs. Henry R. Kravis and George R. Roberts as managing members. Together, KKR's members have considerable expertise in the evaluation and oversight of companies in a variety of industries.¹⁰ KKR has substantial experience in

¹⁰ Through its subsidiary NSHI Ventures LLC, KKR 1996 Fund L.P., a fund associated with KKR, indirectly holds an approximate 36 percent equity interest in NewSouth Communications Corp. ("New South"), a competitive local exchange carrier that provides telecommunications services in nine southern states. NewSouth is a facilities-based data and voice broadband integrated communications provider, offering telecommunications products and services including local dial tone, domestic and international long distance, data and high-speed Internet access, e-mail, Internet

facilitating the success of the companies that it acquires by recruiting superior management and improving the companies' capital structure and access to capital markets. Since its founding in 1976, KKR has completed more than 110 transactions involving in excess of \$118 billion of total financing.

The senior member of Constellation is KKR Millennium Fund L.P. ("KKR Fund"). The sole General Partner of KKR Fund is KKR Associates Millennium L.P. ("KKR LP"), which exercises control over KKR Fund. The remaining equity interest in KKR Fund is held by numerous limited partners. These limited partners are all institutional investors, are (with limited exceptions) U.S. domestic entities, and have no ability to control the day-to-day business operations and decisions of KKR Fund or, after completion of the proposed transaction, of PanAmSat.¹¹

The sole General Partner of KKR LP is KKR Millennium GP LLC ("KKR GP"), which exercises control over KKR LP. KKR LP's limited partners are KKR executives and their estate planning vehicles. The limited partners of KKR LP are overwhelmingly U.S. citizens and entities.

security, web hosting, spam filtering, virus scanning and private networking services. NewSouth is the only FCC-regulated entity with which KKR is currently affiliated.

In May 2004, NewSouth plans to consummate a merger of equals with NuVox Communications, Inc. ("NuVox"), another facilities-based integrated communications provider. Upon closing of the merger, KKR's interest in NewSouth will be reduced by half. NuVox, in turn, offers services primarily in the Midwestern and southeastern United States. NuVox's services include local voice and data services; domestic and international long distance services; dedicated and dial-up high-speed Internet access, web page design, development and hosting and domain name services; and unified voice, e-mail and fax messaging and other advanced data services, including local area and wide area network management, virtual private networks, audio conferencing and remote access.

¹¹ The only limited partners with interests of five percent or greater in KKR Fund are domestic state pension plans. Foreign limited partners, in the aggregate, account for approximately 12.91 percent of the equity in KKR Fund, which represents an indirect interest in PanAmSat of only 5.74 percent. All non-U.S. limited partners are organized in World Trade Organization ("WTO") member nations. The largest non-U.S. limited partner has only an approximate 3.56 percent interest in KKR Fund, which represents an indirect equity interest in PanAmSat of less than 1.6 percent.

KKR GP – like KKR LLC – has 13 members. Two of those members, Henry R. Kravis and George R. Roberts, serve as its managing members and have exclusive control over KKR GP. The eleven non-managing members of KKR GP are KKR principals, all of whom are U.S. citizens except two – one German citizen and one French citizen.¹²

Constellation’s other member is KKR Partners III, L.P. (“KKR Partners III”), which will have an approximately two percent equity interest in Constellation and which will not exercise control over Constellation. KKR III GP LLC (“KKR III GP”) is the sole general partner of KKR Partners III and is owned by KKR executives and their estate planning vehicles. KKR Partners III’s limited partners – virtually all U.S. citizens or entities – are persons having long-standing business relationships with KKR, such as CEOs of KKR portfolio companies. The limited partners of KKR Partners III will have no ability to control day-to-day business operations and decisions of KKR Partners III or of PanAmSat.

Mr. Kravis and Mr. Roberts are the managing members of KKR III GP, and in such capacity have exclusive control over KKR III GP and KKR Partners III. As mentioned above, the other members of KKR III GP are KKR executives and their estate planning vehicles, again predominantly U.S. citizens and domestic entities. These non-managing members will have no ability to control day-to-day business operations and decisions of KKR Partners III GP or of PanAmSat.

The Carlyle Group. Carlyle PanAmSat I and Carlyle PanAmSat II are wholly owned, respectively, by Carlyle Partners III Telecommunications, L.P. (“Carlyle Partners III Telecommunications”) and CPIII Coinvestment, L.P. (“CPIII Coinvestment”), which in turn are private equity partnerships managed by the principals of Carlyle. Carlyle is a global private

¹² The two foreign members of KKR GP will have an indirect equity interest of less than 0.1 percent in PanAmSat.

equity firm with more than \$18 billion under management across 23 funds. Carlyle invests in buyouts, venture, real estate and leveraged finance in North America, Europe, and Asia, focusing on aerospace and defense, automotive and transportation, consumer, energy and power, healthcare, industrial, technology and business services, and telecommunications and media.¹³ Since its founding in 1987, Carlyle has invested in excess of \$10.5 billion of equity in more than 300 transactions. Carlyle's investment philosophy is to leverage its sources of expertise -- industry, discipline and geography -- to develop strategic partnerships and to invest in strong management teams.

The sole general partner of each of Carlyle Partners III Telecommunications and CPIII Coinvestment is TC Group III, L.P. The sole general partner of TC Group III, L.P. is TC Group III, L.L.C. The sole member of TC Group III, L.L.C. is TC Group, L.L.C. The sole managing member of TC Group, L.L.C. is TCG Holdings, L.L.C. ("TCG Holdings"). TCG Holdings, TC Group, L.L.C., TC Group III, L.L.C. and TC Group III, L.P. are each organized under the laws of the State of Delaware and have their primary place of business in the United States. Three individuals hold the position of managing members of TCG Holdings. Each of these individuals is a United States citizen.¹⁴ Certain decisions with respect to the investments of

¹³ The holdings of other funds affiliated with Carlyle currently include: WCI Cable, Inc. and its affiliates, which hold section 214 authorizations, submarine cable landing and other licenses, and that own and operate a submarine telecommunications cable connecting Alaska with the continental U.S. and a terrestrial network connecting the major cities of Alaska; and a minority stake in Mainstream Data, Inc., an earth station licensee that distributes high bandwidth content and provides two-way Internet connectivity using satellite transponders it leases from satellite operators. The Carlyle Group investments also include companies whose primary businesses are outside the communications sector but that hold Commission licenses for ancillary activities. Carlyle Partners III Telecommunications and CPIII Coinvestment are not currently affiliated with any other entities regulated by the Commission.

¹⁴ In addition, thirty individuals (or domestically organized entities owned by U.S. citizens) are members (but not managing members) of TCG Holdings and holders of equity interests in TCG Holdings. Four of the individual non-managing members of TCG Holdings are not United States citizens -- two are citizens of France, one is a citizen of Australia and one is a citizen of Japan. All

Carlyle Partners III Telecommunications require the approval of the Investment Committee of Carlyle Partners III Telecommunications. The Investment Committee of Carlyle Partners III Telecommunications is composed of 15 individuals, each of whom is a citizen of the United States. The limited partners of Carlyle Partners III Telecommunications consist of over 100 U.S. and non-U.S. entities.¹⁵

Providence Equity. PEP PAS and PEOP PAS are wholly owned, respectively by Providence Equity Partners IV, LP (“PEP IV LP”) and Providence Equity Operating Partners IV, LP (“PEOP IV LP”), which in turn are private equity partnerships managed by the principals of Providence, a U.S. private investment firm specializing in equity investments in, among other things, communications and media companies around the world.¹⁶ The Providence principals

other members of TCG Holdings are U.S. citizens. The members of TCG Holdings that are not U.S. citizens hold, in the aggregate, less than 2.20 percent of the equity interest of TCG Holdings. Thirty-four individuals serve as officers of TCG Holdings and/or TC Group, L.L.C. or serve in positions with such entities that may be considered comparable to that of an officer of a corporation. Of those thirty-four individuals, thirty are United States citizens, two are citizens of France, one is a citizen of Australia and one is a citizen of Japan.

¹⁵ These limited partners include a variety of institutional investors, pension funds and other private equity funds. Only one limited partner of Carlyle Partners III Telecommunications -- a domestic state pension plan -- holds an interest of five percent or more (5.3 percent) in Carlyle Partners III Telecommunications. The limited partners of CPIII Coinvestment likewise consist of over 100 investors including TC Group Investment Holdings, LLC. Three investors in CPIII Coinvestment individually hold an interest (direct or indirect through TC Group Investment Holdings, LLC) of five percent or more in CPIII Coinvestment, -- 6.9 percent, 5.5 percent, and 5.4 percent respectively. All of these three investors are U.S. citizens (or domestically organized entities owned by U.S. citizens). Non-U.S. limited partners hold an interest of approximately 45.04 percent in Carlyle Partners III Telecommunications and 3.73 percent in CPIII Coinvestment. Since the vast majority of the Carlyle investment will be held by Carlyle PanAmSat I, this equates conservatively to approximately 12.35 percent foreign limited partner participation in PanAmSat by the Carlyle Private Equity Funds. The limited partners of Carlyle Partners III Telecommunications have no ability to control the day-to-day business operations and decisions of the fund or of PanAmSat. Similarly, the alien limited partners of CPIII Coinvestment have no ability to control the day-to-day business operations and decisions of the fund with respect to the PanAmSat investment.

¹⁶ PEP IV LP’s U.S. holdings include: Northland Cable Networks LLC, a regional cable system operator that holds satellite earth station, cable television relay service and other licenses; Mountain States Cable Television, another regional cable system operator; Yankee Entertainment Sports Network, LLC, a regional cable programming network; an expected minority interest in Freedom Communications, which holds television broadcast and satellite earth station licenses; certain other

manage funds with over \$5 billion in equity commitments (including PEP IV LP and PEOP IV LP), and have invested in more than 70 companies operating in over 20 countries. Providence Equity's objective is to create value by building lasting partnerships with talented entrepreneurs and providing them with the capital, industry expertise and broad network of relationships necessary to build companies that will shape the future of the communications and media industries.

The sole general partner of both PEP IV LP and PEOP IV LP is Providence Equity Partners GP IV LP ("PEP IV GP"), which holds a 0.2 percent equity stake in PEP IV LP. The sole general partner of PEP IV GP is Providence Equity Partners IV LLC ("PEP IV LLC"). Twenty-five limited partners hold the remainder of the equity in PEP IV GP. Twenty-one of them are U.S. citizens, one is a citizen of Germany, one is a citizen of Ireland, one is a citizen of France and one is a citizen of India.¹⁷

Mr. Jonathan M. Nelson, a U.S. citizen, is a managing member of PEP IV LLC and holds 50 percent of the voting interest in PEP IV LLC. The remaining 50 percent voting interest is held by two other U.S. citizens. Three domestic limited partnerships are non-managing members of PEP IV LLC.

The remainder of the equity of PEP IV LP is held by its limited partners, which consist of over 100 U.S. and non-U.S. entities. They include institutional investors, retirement funds, and educational endowment funds. Most of PEP IV LP's limited partners own less than 1 percent of the equity in the limited partnership, and none owns 6 percent or more. The limited

broadcast properties; an interest in Consolidated Communications, a local telephone company primarily operating in Illinois; and an interest in Madison River Telephone Company, a company whose subsidiaries likewise hold Section 214, Local Multipoint Distribution Service and other licenses.

¹⁷ As a group, the non-U.S. citizens own a combined total of less than 2.25 percent of PEP IV GP's equity, which translates into a negligible (about 0.001 percent) equity interest in PanAmSat.

partners have no material involvement in the control or management of PEP IV LP. The limited partners of PEOP IV LP consist of 14 individuals or entities. The largest stake in PEOP IV LP – 33.78 percent – is held jointly by two U.S. citizens.¹⁸

B. Description of the Proposed Transaction

On April 20, 2004, The DIRECTV Group and its wholly-owned subsidiary, PAS Merger Sub, Inc., a Delaware corporation (“PAS Merger Sub”), entered into a Transaction Agreement (the “Transaction Agreement”) with PanAmSat and Constellation. On May 17, 2004, Constellation entered into separate agreements whereby each of Carlyle PanAmSat I, Carlyle PanAmSat II, PEP PAS and PEOP PAS have agreed to acquire minority equity interests in PanAmSat. Through the proposed transaction, the Private Equity Funds will acquire indirectly more than 99 percent of the stock of PanAmSat (the remainder of the stock will be held by certain employees of PanAmSat who have agreed not to have certain of their equity interests in PanAmSat cashed out in the transactions). As stated above, Constellation will hold 44.44 percent of the equity interests in PanAmSat; Carlyle PanAmSat I and Carlyle PanAmSat II will together hold 27.41 percent of the equity interests in PanAmSat; and PEP PAS and PEOP PAS will also hold 27.41 percent equity interest in PanAmSat. The transaction will be funded with a combination of debt and equity financing for which commitment letters are in place. The aggregate value of the transaction, including assumption of approximately \$750 million in net debt, is approximately \$4.3 billion.

¹⁸ Non-U.S. limited partners have a capital participation share of about 18.25 percent in PEP IV LP and about 5.62 percent in PEOP IV LP. Since the vast majority of the Providence investment will be held by PEP PAS, this equates conservatively to about 5 percent or less foreign limited partner participation in PanAmSat by the Providence Private Equity Funds. The limited partners of PEP IV LP, and the alien limited partners of PEOP IV LP, have no ability to control the day-to-day business operations and decisions of the respective Private Equity Funds.

The proposed transaction will take place in two main steps. First, after receipt of stockholder approval and satisfaction of other closing conditions set forth in the Transaction Agreement, PAS Merger Sub will merge with and into PanAmSat (the “Merger”) and each outstanding share of common stock of PanAmSat (the “Common Stock”) (other than the Common Stock held by the subsidiaries of The DIRECTV Group, certain equity interests held by certain employees of PanAmSat who have agreed not to have certain of their equity interests cashed out in the Merger, and those stockholders who have validly exercised their appraisal rights under Delaware law) will be converted in the Merger into the right to receive \$23.50 in cash per share (the “Merger Price”). After consummation of the Merger, PanAmSat will be a wholly-owned subsidiary of The DIRECTV Group except for the equity interests held by certain employees who have agreed not to have certain of their equity interests cashed out in the Merger. The Transaction Agreement also contemplates that PanAmSat will assign certain satellites to one or more wholly-owned subsidiaries.¹⁹

The second step in the transaction will occur two business days after the Merger, subject to the satisfaction of certain closing conditions set forth in the Transaction Agreement. In that step, a portion of the shares of Common Stock held by the subsidiaries of The DIRECTV Group will be repurchased by PanAmSat and the remaining portion will be purchased by the Private Equity Funds, in each case for the Merger Price in cash, less any amounts withheld in accordance with the Transaction Agreement.

After the consummation of all of the transactions contemplated by the Transaction Agreement, the Private Equity Funds will own the entire outstanding equity interest in

¹⁹ Because PanAmSat will be the surviving corporation after the Merger and The DIRECTV Group already has *de jure* control of PanAmSat, this first transaction involves no assignment or transfer of control that requires FCC approval. Similarly, the subsequent assignment of satellites will not involve an assignment of licenses or otherwise require FCC approval.

PanAmSat other than the equity interests held by certain employees of PanAmSat who have agreed not to have certain of their equity interests cashed out in the transactions. After the consummation of all of the transactions contemplated by the Transaction Agreement, the Board of Directors will consist of nine individuals, of which Constellation has the right to appoint four, the Carlyle affiliated entities, two, and the Providence affiliated entities, two. The ninth director will be the CEO. As a general matter, the vote of a majority of the Board of Directors will be required to approve matters presented to the board, other than certain limited matters – such as affiliate transactions, charter and bylaw amendments, changes in the size and composition of the Board of Directors, material acquisitions and divestitures, and the merger, liquidation or sale of all or substantially all of the assets of PanAmSat -- which will require the approval of at least one representative of each of the investors and certain other limited matters -- such as selection, termination or removal of the CEO, financings, issuance of securities by PanAmSat, dividends and redemptions, creation of non-wholly owned subsidiaries, management compensation plans and amendments to or waivers under the transaction agreements related to the acquisition of PanAmSat -- which will require the approval of a representative of Constellation and a representative of one (but not both) of the other investors. The Private Equity Funds have not entered into any voting agreements to influence the vote of the directors.

Thus, the consummation of the transactions contemplated under the Transaction Agreement will cause a transfer of control of PanAmSat LC to the Private Equity Funds.

III. THE PROPOSED TRANSACTION SERVES THE PUBLIC INTEREST

Pursuant to Section 310(d) of the Communications Act, the Commission will approve a proposed transfer of control if, after weighing “the potential public interest harms of the [transaction] against the public interest benefits,” it concludes that, “on balance,” doing so

would serve the public interest, convenience, and necessity.²⁰ Accordingly, where the potential harms from a proposed transaction are great, the potential benefits must be great; conversely, where the potential harms (if any) are small or limited, the potential benefits need only be of a similar scale.²¹ As discussed below, Constellation's proposed acquisition of PanAmSat will create substantial public interest benefits with no offsetting public interest harms. The Commission therefore not only should grant this Application, but it should do so expeditiously.

Although PanAmSat continues to be a world leader in the satellite-delivered services business, The DIRECTV Group has decided to refocus its business plan on DIRECTV's DBS business. The DIRECTV Group's continued ownership of PanAmSat presents an obstacle to the optimization of each company's overall focus and business strategy because: (1) currently, The DIRECTV Group cannot focus as fully on DIRECTV's DBS business when it must also tend to the necessary resource and management demands required to oversee a global satellite business such as that of PanAmSat;²² and (2) The DIRECTV Group's intention to center

²⁰ See, e.g., *Loral Satellite, Inc. (Debtor-in-Possession) and Loral SpaceCom Corporation (Debtor in Possession), Assignors and Intelsat North America, LLC, Assignee*, 19 FCC Rcd 2404 (¶18) (2004) ("*Loral/Intelsat*"); *Comcast Corporation, AT&T Corp., and AT&T Comcast Corporation*, 17 FCC Rcd. 23246, 23255 (¶ 26) (2002) ("*AT&T/Comcast*"); *Time Warner Inc. and America Online, Inc.*, 16 FCC Rcd 6547, 6554 (¶ 19) (2001) ("*AOL/Time Warner*"); *MediaOne Group, Inc. and AT&T Corp.*, 15 FCC Rcd. 9816, 9821 (¶ 8) (2000); see also 47 U.S.C. § 310(d).

²¹ See, e.g., *AT&T/Comcast*, 17 FCC Rcd at 23329 (¶ 218) (observing that "in balancing the public interest harms and benefits, we employ a sliding scale approach" that "examine[s] the likelihood and the magnitude of the potential public interest harms"); *TRW Inc., Transferor, and Northrop Grumman Corp., Transferee*, 17 FCC Rcd 24625, 24630 (¶ 15) (Int. Bur., Sat. Div. 2002) ("*TRW*") ("we find no public interest harms, and thus, the Applicants' demonstration of potential benefits need not be as great").

²² See *Amendment of Section 73.658(g) of the Commission's Rules – the Dual Network Rule*, 16 FCC Rcd 11114, 11120 (¶ 16) (2001) (footnote omitted) ("[M]arkets for video services have broadened and grown, reflecting shifts in market demand and supply in recent years. Competitive rivalry between and among suppliers of video services has intensified as consumers find increased choice of video programming and new vendors that supply video programming and video delivery services. Increased competitive rivalry intensifies the pressure on management to (1) improve internal operating efficiency by using inputs of production more effectively and organizing the firm to reduce

its business on DIRECTV, over time, may slow the growth and harm the competitiveness of PanAmSat. Reflecting these concerns, The DIRECTV Group has determined that it would be in the best interests of both DIRECTV and PanAmSat to divest itself of PanAmSat.

The proposed transaction serves the public interest because it will reinvigorate PanAmSat's business through new ownership, and through a more flexible capital structure. Each of the Private Equity Funds has a proven track record of enabling companies in which it invests to maximize their potential by optimizing their capital structures. Virtually every one of the portfolio companies held by the Private Equity Funds has been able to access efficient sources of capital over time. Most have done so on a number of occasions, substantially improving their financial positions.

Here, greater access to capital will facilitate PanAmSat's efforts to expand its customer base and develop new products and services. In addition, by buying out PanAmSat's public equity holders, the proposed transaction will relieve the company of the regulatory costs associated with having its equity securities listed on a public exchange, and enable it to react more quickly to meet competitive challenges and financial opportunities.²³ In sum, by facilitating PanAmSat's separation from The DIRECTV Group, the Private Equity Funds will assist in creating an improved capital structure under management focused directly on PanAmSat's satellite services business, thereby enhancing PanAmSat's competitive potential and expanding the range of services it can offer its customers and the public in general.

redundancy in staffing or business functions; and (2) reorganize the firm through horizontal and vertical mergers to achieve economies of scale and scope").

²³ Pursuant to the Transaction Agreement, certain of PanAmSat's publicly traded notes will remain outstanding and PanAmSat will issue notes in a private placement and, following that private placement, will effectuate an exchange offer to exchange privately placed notes with notes registered under the Securities Act of 1933, as amended, with identical terms. Accordingly, upon consummation of the exchange offer, PanAmSat will remain subject to certain regulatory requirements applicable to companies with publicly traded debt. However, PanAmSat will be relieved of the burdens associated with having its equity securities listed on a public exchange.

Conversely, the proposed transaction raises no countervailing harms to concern the Commission. Because the Private Equity Funds and their affiliates currently have no ownership interests in any other satellite operator, the proposed transaction presents no competitive concerns.²⁴ As described above, the Private Equity Funds are affiliated with the following companies that have controlling or minority interests in certain FCC-regulated businesses: a KKR-affiliated fund and related coinvestment vehicle holds an indirect minority interest in a competitive local exchange carrier;²⁵ Carlyle-affiliated funds hold a controlling interest in the operator of a submarine cable connecting Alaska to the continental United States and a minority interest in an Internet content and connectivity provider that leases satellite transponder space from satellite operators and therefore does not compete with PanAmSat;²⁶ and Providence-affiliated funds hold interests in two cable companies, a cable programming network, certain broadcast properties, and two holding companies that own various small telephone companies.²⁷ These investments by the Private Equity Funds' affiliated companies are far removed from PanAmSat's business, and the transaction thus poses no competitive issues.

Nor does the proposed transaction raise foreign ownership concerns. Because PanAmSat holds only non-common carrier licenses, the specific foreign ownership restrictions set forth in Section 310(b) of the Communications Act are inapplicable,²⁸ and, in any event,

²⁴ See *GE/SES* 16 FCC Rcd at 17591 (¶¶ 37-38) (stating that “the current levels of actual and competition in the relevant satellite markets as well as the fundamental characteristics of those markets would likely frustrate any predatory strategy to drive out rivals or exercise market power. . . . [W]e understand that there is currently an abundance of satellite capacity”).

²⁵ See *supra* note 10.

²⁶ See *supra* note 13.

²⁷ See *supra* note 16.

²⁸ *Constellation Communications Holdings, Inc.*, 16 FCC Rcd 13724, 13734 (¶ 25) (Int. Bur. 2001) (“because there is no foreign government ownership in [Constellation], and because Constellation

foreign ownership is limited. No alien, foreign government or representative thereof, or foreign corporation will hold any of the PanAmSat licenses. Further, the indirect participation in the PanAmSat holding company by alien limited partners of the Private Equity Funds will be approximately 23.09 percent in aggregate, and these ownership interests will be widely dispersed across hundreds of entities, as explained in greater detail in Attachment 2. The largest equity interest in PanAmSat held by any alien limited partner will be approximately 1.6 percent.

Further, the alien limited partners of the Private Equity Funds are passive investors who are precluded by their respective partnership agreements from participating in the management of the partnership or its investments and whose rights do not extend beyond usual and customary investor protections.²⁹ It is therefore inconceivable that the extremely limited interests of any of the indirect alien investment participants in the Private Equity Funds could exercise control over PanAmSat.

As a final matter, the vast majority of these limited alien interests are organized in, or citizens of, WTO member countries. The Commission presumes that foreign investment by individuals or entities from WTO member countries raises no competitive concerns, even in the case of common carrier licenses.³⁰ The non-WTO limited partners will indirectly own only an approximately 0.6 percent equity interest in PanAmSat.

proposes to operate the satellites authorized herein on a non-common carrier basis, further inquiry into alien ownership issues is unnecessary”).

²⁹ In particular, all alien limited partners in KKR Fund, Carlyle Partners III Telecommunications, CPIII Coinvestment, PEP IV LP, and PEOP IV LP are insulated in accordance with the guidelines set forth by the Commission in Reexamination of the Commission’s Rules and Policies Regarding the Attribution of Ownership Interests in Broadcast, Cable Television and Newspaper Entities, 58 Rad. Reg. (P&F) 604, 613 (1985), *modified on other grounds*, 1 FCC Rcd 802 (1986).

³⁰ *Loral/Intelsat* 19 FCC Rcd at ¶ 22 (citing *Rules and Policies on Foreign Participation in the U.S. Telecommunications Market*, 12 FCC Rcd 23891, 23896, 23913, 23940 (1997)).

Thus, in light of the substantial public interest benefits and the absence of any public interest concerns, the Commission should approve the proposed transfer of control without delay.

IV. TREATMENT OF PENDING APPLICATIONS, APPLICATIONS ACTED UPON DURING INTERIM PERIOD AND APPLICATIONS THAT REMAIN PENDING AT CONSUMMATION

PanAmSat continues to have various applications pending before the Commission associated with specific space stations. Prior to last year, the Commission processed many space station applications in “rounds” involving multiple applicants. Under precedent applicable to that procedure, any pending application would be considered “newly filed” and therefore could lose its place in a processing round if it is modified by a “major amendment,” including an amendment that specifies a substantial change in beneficial ownership or control of the applicant.³¹ However, as the Commission recently observed, its *First Space Station Reform Order*³² revised the Commission’s rules such that “transfer applications are no longer considered major amendments to applications.”³³ Furthermore, to the extent that applications are pending that were filed under the old processing round procedures, the Commission stated that the new rules set forth in the *First Space Station Reform Order* could be applied to pending applications “if doing so does not impair the rights an applicant possessed when it filed its application, increase an applicant’s liability for past conduct, or impose new duties on applicants with respect

³¹ See *General Motors Corporation and Hughes Corporation, Transferors, and The News Corporation Limited, Transferee*, Supplemental Order, MB Docket No. 03-124 (rel. April 9, 2004) (“*Hughes/News Supplemental Order*”), at ¶ 3 & n. 9 (discussing previous cut-off procedures).

³² See *Amendment of the Commission’s Space Station Licensing Rules and Policies*, 18 FCC Rcd. 10760 (2003) (“*First Space Station Reform Order*”).

³³ *Hughes/News Supplemental Order*, at ¶ 4 (citing *First Space Station Reform Order*, 18 FCC Rcd at 10814 (¶ 140)).

to transactions already completed.”³⁴ Applying the Commission’s new rules in this proceeding will have none of these results. Thus, there is no waiver required by the Applicants with respect to any of PanAmSat’s pending applications.³⁵ However, the Applicants request that the Commission confirm this point.³⁶

In addition, the parties to this Application may hereafter file additional applications, or have currently pending applications granted, during the Commission’s consideration of these applications and the period required for consummation of the transaction following approval (the “Interim Period”). Accordingly, the parties request that the grant of the transfer applications include authority for the shareholders of PanAmSat to acquire control with respect to all (1) authorizations issued to PanAmSat or any of its subsidiaries during the Interim Period; (2) construction permits held by such companies that mature into licenses during the Interim Period; and (3) applications that are filed after the date of this Application and are pending at the time of consummation of the proposed transfer. The grant of such authority would be consistent with prior Commission precedent.³⁷

³⁴ *Id.* (quoting *First Space Station Reform Order*, 18 FCC Rcd at 10864 (¶ 276)).

³⁵ *See News/Hughes Supplemental Order* at ¶ 4 .

³⁶ Should the Commission for some reason disagree with this analysis, the Applicants request a waiver of the Commission’s applicable processing rules under Section 1.3 of the Commission’s rules for good cause shown. As described throughout this Application, the proposed transaction serves a legitimate business purpose and the applications currently pending are an integral part of PanAmSat’s expansion plans, which were announced well before this transaction arose and are essential to the continued competitiveness of its businesses. Thus, the public interest will be served by permitting these applications to remain pending, intact, and in their current processing posture. Furthermore, no purposes of the Commission’s processing rules would be undermined. For these reasons, any necessary waiver would be justified. *See* 47 C.F.R. § 1.3.

³⁷ *See, e.g., Hughes/News Supplemental Order* at ¶ 6; *AOL/Time Warner*, 16 FCC Rcd at 6678 (¶ 317); *Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from Tele-Communications, Inc., Transferor To AT&T Corp.*, 14 FCC Rcd 3160, 3234-35 (¶ 156). Following closing, PanAmSat will amend all then-pending applications filed by PanAmSat and its subsidiaries to reflect the new ownership structure.

Furthermore, News Corp. recently announced a plan to reincorporate in the United States,³⁸ and in connection with that plan will be filing applications requesting the Commission's consent to a *pro forma* transfer of control of various FCC licenses, including the FCC licenses held by PanAmSat LC. It is uncertain whether this *pro forma* transfer of control will be consummated before or after the transfer of control that is proposed herein, because the relative timing of the two transactions depends on factors that are unpredictable, including how long it takes for News Corp. to secure numerous approvals and consents in the United States and Australia that are a condition precedent to reincorporating in this country. In light of this uncertainty, it is respectfully requested that the Commission's consent herein encompass PanAmSat LC as controlled both before and after News Corp.'s *pro forma* transfer of control.

Finally, PanAmSat also holds a 50 percent interest in the Horizons 1 satellite, which is licensed for operation in the Ku band by Japan and has been added to the Commission's Permitted Space Station List.³⁹ In connection with the proposed transaction, PanAmSat intends to follow the Commission's procedures for a change of ownership of a satellite on the Permitted List.⁴⁰

V. CONCLUSION

For the foregoing reasons, the parties respectfully request that the Commission grant this Application promptly and provide for any other authority that the Commission finds necessary or appropriate to enable the parties to consummate the proposed transaction.

³⁸ See *supra* note 9.

³⁹ See *Horizons Satellite LLC*, 18 FCC Rcd. 24745 (Int'l Bur. 2003).

⁴⁰ See *First Space Station Reform Order*, 18 FCC Rcd. at 1088 (¶¶ 326-27).

ATTACHMENT 1

Authorizations Held by PanAmSat Licensee Corp.

FCC Form 312 License Exhibit: VSAT Facilities

Licensee	Type of FCC Authorization	Call Sign	Location	Expiration Date
1. PanAmSat Licensee Corp.	12/14 GHz VSAT network; transmit/receive authorization	E010280	Ellenwood, GA	1/18/2012

FCC Form 312 License Exhibit: Transmit/Receive Facilities

	Licensee	Type of FCC Authorization	Call Sign	Location	Expiration Date
1.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E970051	Fillmore, CA	12/12/2007
2.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E950067	Napa, CA	2/10/2005
3.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E000063	Fillmore, CA	3/29/2010
4.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E000363	Fillmore, CA	9/12/2010
5.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E010113	Fillmore, CA	10/31/2011
6.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E010131	Homestead, FL	7/18/2011
7.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E010133	Fillmore, CA	7/18/2011
8.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E4132	Fillmore, CA	4/4/2006
9.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E900089	Brooklyn, NY	3/9/2010
10.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E920340	Brooklyn, NY	7/31/2017
11.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E920377	Brooklyn, NY	7/17/2017
12.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E930088	Fillmore, CA	4/23/2018
13.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E940368	Brooklyn, NY	8/19/2004
14.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E950502	Fillmore, CA	11/24/2005

	Licensee	Type of FCC Authorization	Call Sign	Location	Expiration Date
15.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E950508	Brooklyn, NY	11/24/2005
16.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E980501	Castle Rock, CO	1/27/2009
17.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E980503	Castle Rock, CO	12/28/2009
18.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990091	Ellenwood, GA	5/26/2009
19.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990323	Castle Rock, CO	11/2/2009
20.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990334	Fillmore, CA	10/15/2009
21.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990364	Brooklyn, NY	3/22/2011
22.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990365	Ellenwood, GA	3/22/2011
23.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E2178	Fillmore, CA	4/4/2006
24.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E3943	Brooklyn, NY	3/15/2012
25.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E860175	Fillmore, CA	4/4/2006
26.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E881304	Castle Rock, CO	9/30/2008
27.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E900621	Brooklyn, NY	9/21/2010
28.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E900757	Fillmore, CA	3/29/2011
29.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	KL92	Castle Rock, CO	9/30/2008

	Licensee	Type of FCC Authorization	Call Sign	Location	Expiration Date
30.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E000048	Ellenwood, GA	5/10/2010
31.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E000049	Conyers, GA	4/25/2010
32.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E000274	Napa, CA	8/10/2010
33.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E000364	Ellenwood, GA	9/8/2010
34.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E000488	Ellenwood, GA	9/27/2010
35.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E010019	Conyers, GA	3/22/2011
36.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E010112	Ellenwood, GA	6/28/2011
37.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E7465	Ellenwood, GA	8/03/2004
38.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E881286	Ellenwood, GA	9/23/2008
39.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E890530	Homestead, FL	6/02/2009
40.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E940333	Ellenwood, GA	6/17/2004
41.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E940532	Ellenwood, GA	12/23/2004
42.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E950267	Napa, CA	9/08/2005
43.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E950307	Napa, CA	9/15/2005
44.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E970352	Homestead, FL	11/21/2007

	Licensee	Type of FCC Authorization	Call Sign	Location	Expiration Date
45.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E970391	Napa, CA	10/31/2007
46.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E970392	Ellenwood, GA	11/21/2007
47.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E980460	Napa, CA	3/02/2009
48.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E980467	Napa, CA	12/16/2008
49.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E980502	Ellenwood, GA	12/28/2009
50.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990092	Ellenwood, GA	3/26/2011
51.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990093	Homestead, FL	11/15/2009
52.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990214	Ellenwood, GA	3/24/2010
53.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990223	Napa, CA	3/24/2010
54.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990224	Napa, CA	9/17/2009
55.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990363	Wilton, CT	12/28/2009
56.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990433	Ellenwood, GA	12/28/2009
57.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	KA244	Homestead, FL	1/12/2009
58.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	KA245	Homestead, FL	1/12/2009
59.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	KA391	Fillmore, CA	1/26/2019

	Licensee	Type of FCC Authorization	Call Sign	Location	Expiration Date
60.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	KA450	Napa, CA	1/26/2005
61.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	KA71	Fillmore, CA	11/15/2006
62.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E020309	Castle Rock, CO	1/17/2018
63.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E030012	Castle Rock, CO	3/19/2018
64.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990024	El Segundo, CA	4/21/2009
65.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E030106	Castle Rock, CO	6/27/2018
66.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E030096	Castle Rock, CO	10/29/2018
67.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E030232	Castle Rock, CO	11/24/2018
68.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E030072	Ellenwood, GA	5/19/2018
69.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E030073	Ellenwood, GA	9/11/2018
70.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E030174	Homestead, FL	9/16/2018
71.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E030175	Ellenwood, GA	10/1/2018
72.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E030306	Ellenwood, GA	1/14/2019
73.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E030307	Ellenwood, GA	1/14/2019
74.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990441	Silver Spring, MD	3/28/2010

	Licensee	Type of FCC Authorization	Call Sign	Location	Expiration Date
75.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E020260	Silver Spring, MD	8/8/2018
76.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E030182	Silver Spring, MD	10/1/2018
77.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E960411	Silver Spring, MD	10/4/2006
78.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E980069	Silver Spring, MD	1/23/2008
79.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	KA416	Silver Spring, MD	7/13/2004
80.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E990056	Silver Spring, MD	6/18/2009
81.	PanAmSat Licensee Corp.	Fixed earth station; transmit/receive authorization	E970189	Silver Spring, MD	5/16/2007

FCC Form 312 License Exhibit: Temporary-fixed Facilities

	Licensee	Type of FCC Authorization	Call Sign	Location	Expiration Date
1.	PanAmSat Licensee Corp.	Temporary-fixed earth station; transmit/receive authorization	E010118	Contiguous US	6/13/2011
2.	PanAmSat Licensee Corp.	Temporary-fixed earth station; transmit/receive authorization	E990055	Contiguous US	4/21/2009

FCC Form 312 License Exhibit: Receive-only Facilities

	Licensee	Type of FCC Authorization	Call Sign	Location	Expiration Date
1.	PanAmSat Licensee Corp.	Fixed earth station; receive-only registration	E970080	Long Beach, CA	4/23/2007
2.	PanAmSat Licensee Corp.	Fixed earth station; receive-only registration	E010334	Ellenwood, GA	12/12/2011

FCC Form 312 License Exhibit: Space Station Licenses

	Licensee	Type of FCC Authorization	Call Sign	Assigned Location
1.	PanAmSat Licensee Corp.	Space Station	CS91004 (PAS-5)	166° EL
2.	PanAmSat Licensee Corp.	Space Station	PAS-4	169° EL
3.	PanAmSat Licensee Corp.	Space Station	PAS-2R	43° WL
4.	PanAmSat Licensee Corp.	Space Station	S2359 (PAS-8B)	43° WL
5.	PanAmSat Licensee Corp.	Space Station	S2368 (PAS-1R)	45° WL
6.	PanAmSat Licensee Corp.	Space Station	S2380 (PAS-23)	58° WL
7.	PanAmSat Licensee Corp.	Space Station	PAS-6	72° EL
8.	PanAmSat Licensee Corp.	Space Station	S2382 (PAS-24)	68.5° EL
9.	PanAmSat Licensee Corp.	Space Station	S2378 (Galaxy X-R)	123° WL
10.	PanAmSat Licensee Corp.	Space Station	Galaxy V	125° WL
11.	PanAmSat Licensee Corp.	Space Station	S2146 (Galaxy IX)	127° WL
12.	PanAmSat Licensee Corp.	Space Station	S2131 (Galaxy I-R(S))	133° WL
13.	PanAmSat Licensee Corp.	Space Station	SBS-6	74° WL
14.	PanAmSat Licensee Corp.	Space Station	S2253 (Galaxy XI)	91° WL
15.	PanAmSat Licensee Corp.	Space Station	S2381(Galaxy III-C)	95° WL
16.	PanAmSat Licensee Corp.	Space Station	Galaxy III-R	95° WL (temporarily operating at 111.1° W.L. pursuant to Canadian authority)
17.	PanAmSat Licensee Corp.	Space Station	Galaxy VIII(I)	95° WL
18.	PanAmSat Licensee Corp.	Space Station	S2377 (Galaxy IV-R)	99° WL
19.	PanAmSat Licensee Corp.	Space Station	S2422 (Galaxy XII)	74° WL
20.	PanAmSat Licensee Corp.	Space Station	S2386 (Galaxy XIII)	127° WL
21.	PanAmSat Licensee Corp.	Space Station	S2423 (SBS-6R)	74° WL
22.	PanAmSat Licensee Corp.	Space Station	S2385 (Galaxy XIV)	125.05° WL (unlaunched replacement for Galaxy V)
23.	PanAmSat Licensee Corp.	Space Station	PAS-4R	169° EL (unlaunched replacement for PAS-4)
24.	PanAmSat Licensee Corp.	Space Station	PAS-9	58° WL
25.	PanAmSat Licensee Corp.	Space Station	PAS-21	68.5° EL

ATTACHMENT 2

Ownership Management and Control of the Transferees

OWNERSHIP, MANAGEMENT, AND CONTROL OF PROPOSED TRANSFEREES

The proposed transfer of control over PanAmSat Licensee Corp. (“PanAmSat LC”) does not implicate the restrictions on foreign ownership in Sections 310(a) and 310(b) of the Communications Act of 1934.¹ PanAmSat LC does not hold any common carrier authorizations,² and no foreign government will directly hold any radio license following the transaction. Nevertheless, the applicants provide the following information on ownership, management and control out of an abundance of caution to assist the Commission in its evaluation of the proposed transaction. This information will demonstrate that the proposed transaction will serve the public interest, will have no adverse effect on competition in U.S. markets, and will raise no national security issues.³

The Proposed Transferees

A detailed chart describing the organizational structure, ownership, management, and control contemplated as a result of the proposed transaction is attached to this exhibit (see Addendum A). As the chart indicates, upon completion of the proposed transaction, approximately 99 percent of the stock of the licensee’s parent, PanAmSat Corporation (“PanAmSat”), will be owned by limited liability companies that will in turn be owned by

¹ 47 U.S.C. §§ 310(a) and 310(b). *See General Motors Corp. et al.*, FCC 03-330, Memorandum Opinion and Order, MB Docket No. 03.124 at ¶ 8 n.25, (released Jan. 14, 2004) (noting that PanAmSat no longer held any common carrier licenses and that News Corp.’s acquisition of control over PanAmSat did not implicate Section 310(b)).

² *Id.* at ¶ 8 n.25.

³ *See id.* at ¶¶ 15-17, 33, 35 (explaining the public interest framework and factors taken into account by the Commission).

investment funds (collectively, the “Private Equity Funds”) associated with three private investment firms: Kohlberg Kravis & Roberts Co. L.P. (“KKR”); TC Group, L.L.C. d/b/a The Carlyle Group (“Carlyle”); and Providence Equity Partners, Inc. (“Providence”).⁴ Each of these entities is addressed in detail below.⁵

1. KKR⁶

KKR is a private investment firm that makes investments through private equity funds on behalf of itself and its investors. Most of KKR’s investors are institutions, including state and corporate pension funds, banks, insurance companies, and university endowments. KKR has substantial experience in facilitating the success of companies by, among other things, improving companies’ capital structure and access to capital markets. KKR also has considerable expertise in the evaluation and oversight of companies in a variety of industries.⁷ Since its founding in

⁴ PanAmSat’s existing management will retain approximately one percent of PanAmSat’s stock. (The precise amount is yet to be determined.) Most of these incumbent shareholders are U.S. citizens, and the remainder are citizens of nations that are members of the World Trade Organization (“WTO”). In addition, PanAmSat CEO Joseph R. Wright, Jr., a U.S. citizen, will serve on the PanAmSat board of directors.

⁵ Addendum B includes additional information about the Private Equity Funds and the relevant limited liability companies.

⁶ All KKR entities discussed herein are organized under Delaware law and have their principal place of business in the U.S.

⁷ Through its subsidiary NSHI Ventures LC, KKR 1996 Fund L.P., a fund associated with KKR, indirectly holds an approximate 36 percent equity interest in NewSouth Communications Corp. (“New South”), a competitive local exchange carrier that provides telecommunications services in nine southern states. NewSouth is a facilities-based data and voice broadband integrated communications provider, offering telecommunications products and services including local dial tone, domestic and international long distance, data and high-speed Internet access, e-mail, Internet security, web hosting, spam filtering, virus scanning and private networking services. NewSouth is the only FCC-regulated entity with which KKR is currently affiliated.

1976, KKR has completed more than 110 transactions involving in excess of \$118 billion of total financing.

KKR will acquire its interest in PanAmSat (approximately 44.44 percent) through Constellation, LLC (“Constellation”), a newly formed Delaware limited liability company. Constellation’s initial officers all are executives of KKR or of its general partner, KKR & Co. LLC (“KKR LLC”), and all are U.S. citizens.

The senior member of Constellation is KKR Millennium Fund L.P. (“KKR Fund”). The sole General Partner of KKR Fund is KKR Associates Millennium L.P. (“KKR LP”) which exercises control over KKR Fund. The remaining equity interest in KKR Fund is held by numerous limited partners. As discussed below, these limited partners are all institutional investors, are (with limited exceptions) U.S. domestic entities, and have no ability to control the day-to-day business operations and decisions of KKR Fund or, after completion of the proposed transaction, of PanAmSat. The only limited partners with interests of 5 percent or greater in KKR Fund are domestic state pension plans. Foreign limited partners, in the aggregate, account for approximately 12.91 percent of the equity in KKR Fund, which represents an indirect interest in PanAmSat of only about 5.74 percent. All non-U.S. limited partners are organized in WTO

NewSouth plans to consummate a merger of equals with NuVox Communications, Inc. (“NuVox”), another facilities-based integrated communications provider, in the near future. Upon closing of the merger, KKR’s interest in NewSouth will be reduced by half. NuVox, in turn, offers services primarily in the Midwestern and southeastern United States. NuVox’s services include local voice and data services; domestic and international long distance services; dedicated and dial-up high-speed Internet access, web page design, development and hosting and domain name services, and unified voice, e-mail and fax messaging and other advanced data services, including local area and wide area network management, virtual private networks, audio conferencing and remote access.

member nations, and the largest non-U.S. limited partner has only an approximate 3.56 percent interest in KKR Fund, which represents an indirect equity interest in PanAmSat of less than 1.6 percent.

The sole General Partner of KKR LP is KKR Millennium GP LLC (“KKR GP”), which exercises control over KKR LP. KKR LP’s limited partners are KKR executives and their estate planning vehicles. U.S. citizens and domestic entities hold at least 98 percent of the limited partner interests in KKR LP. The limited partners of KKR LP have no ability to control the day-to-day business operations and decisions of KKR LP or of PanAmSat.

KKR GP has 13 members. Two of those members, Henry R. Kravis and George R. Roberts, serve as its managing members and have exclusive control over KKR GP. The other eleven members of KKR GP are KKR principals, all of whom are U.S. citizens except two – one German citizen and one French citizen. The two foreign members will have an indirect equity interest of less than 0.1 percent in PanAmSat.

Constellation’s other member is KKR Partners III, L.P. (“KKR Partners III”), which will have approximately a two percent equity interest in Constellation and which will not exercise control over Constellation. KKR III GP LLC (“KKR III GP”) is the sole general partner of KKR Partners III and is owned by KKR executives and their estate planning vehicles. KKR Partners III’s limited partners are persons having long-standing business relationships with KKR, such as CEOs of KKR portfolio companies. At least 95 percent of the limited partner interests in KKR Partners III will be owned by U.S. citizens and domestic entities. The limited partners of KKR

Partners III will have no ability to control day-to-day business operations and decisions of KKR Partners III or of PanAmSat.

Mr. Kravis and Mr. Roberts are the managing members of KKR III GP and, in such capacity, have exclusive control over KKR III GP and KKR Partners III. As mentioned above, the other members of KKR III GP are KKR executives and their estate planning vehicles, again predominantly U.S. citizens and domestic entities.⁸ These non-managing members will have no ability to control day-to-day business operations and decisions of KKR III GP or of PanAmSat.

KKR will place four individuals on PanAmSat's board of directors. These individuals, all of whom will be U.S. citizens, are expected to include Alexander Navab, Joseph Bae, George Fisher, and a fourth KKR executive or senior advisor to be determined.⁹

2. Carlyle¹⁰

Approximately 27.41 % of PanAmSat's stock will be held by Carlyle Partners III - Telecommunications, L.P. ("Carlyle Partners III Telecommunications") and by CPIII Coinvestment L.P. ("CPIII Coinvestment") through two limited liability companies – Carlyle PanAmSat I, LLC and Carlyle PanAmSat II, LLC respectively.¹¹ Each limited liability company

⁸ The aggregate indirect equity interests in PanAmSat of non-U.S. limited partners or non-managing members of KKR LP, KKR GP, KKR Partners III, and KKR III GP will be approximately 0.1 percent.

⁹ Detailed information concerning PanAmSat's initial board of directors is included in Addendum B hereto.

¹⁰ All Carlyle entities discussed herein are organized under Delaware law and have their principal place of business in the U.S.

¹¹ The vast majority of this investment will be held by Carlyle Partners III Telecommunications through Carlyle PanAmSat I, LLC.

will have the same five officers, each of whom is a U.S. citizen: William E. Conway, Jr., Daniel A. D'Aniello, John F. Harris, Bruce E. Rosenblum, and David M. Rubenstein. Both Carlyle Partners III Telecommunications and CPIII Coinvestment are private equity partnerships managed by the principals of Carlyle, a global private equity firm with more than \$18 billion under management. With 23 funds, Carlyle invests in buyouts, venture, real estate and leveraged finance in North America, Europe, and Asia, focusing on aerospace and defense, automotive and transportation, consumer, energy and power, healthcare, industrial, technology and business services, and telecommunications and media.¹² Since its founding in 1987, Carlyle has invested in excess of \$10.5 billion of equity in more than 300 transactions. Carlyle's investment philosophy is to leverage its sources of expertise – industry, discipline and geography – to develop strategic partnerships and to invest in strong management teams.

The sole general partner of each of Carlyle Partners III Telecommunications and CPIII Coinvestment is TC Group III, L.P. The sole general partner of TC Group III, L.P. is TC Group III, L.L.C. The sole member of TC Group III, L.L.C. is TC Group, L.L.C. The sole managing member of TC Group, L.L.C. is TCG Holdings, L.L.C. ("TCG Holdings").

¹² The holdings of other funds affiliated with Carlyle currently include: WCI Cable, Inc. and its affiliates, which hold section 214 authorizations, submarine cable landing and other licenses, and that own and operate a submarine telecommunications cable connecting Alaska with the continental U.S. and a terrestrial network connecting the major cities of Alaska; and a minority stake in Mainstream Data, Inc., an earth station licensee that distributes high bandwidth content and provides two-way Internet connectivity using satellite transponders it leases from satellite operators. The Carlyle Group investments also include companies whose main business is outside the communications sector but that hold Commission licenses. Carlyle Partners III Telecommunications and CPIII Coinvestment are not currently affiliated with any other entities regulated by the Commission.

Three individuals, each a U.S. citizen, hold the position of managing members of TCG Holdings.¹³ Their names are: Daniel A. D’Aniello, William E. Conway, Jr., and David M. Rubinstein. Certain decisions with respect to the investments of Carlyle Partners III Telecommunications require the approval of the Investment Committee of Carlyle Partners III Telecommunications. The Investment Committee of Carlyle Partners III Telecommunications is composed of 15 individuals, each of whom is a citizen of the United States.

The limited partners of Carlyle Partners III Telecommunications consist of over 100 U.S. and non-U.S. entities. They include a variety of institutional investors, pension funds and other private equity funds. Only one limited partner of Carlyle Partners III Telecommunications – a domestic state pension plan – holds an interest of 5 percent or more in Carlyle Partners III Telecommunications – about 5.5 percent. The limited partners of CP III Coinvestment likewise consist of over 100 entities, including TC Group Investment Holdings, LLC (an entity through which numerous individuals hold their investment in CPIII Coinvestment). Three limited partners of CPIII Coinvestment individually hold an interest (direct or indirect through TC Group Investment Holdings LLC) of 5 percent or more in CPIII Coinvestment – 6.9 percent, 5.5

¹³ In addition, thirty individuals (or domestically organized entities owned by U.S. citizens) are members (but not managing members) of TCG Holdings and holders of equity interests in TCG Holdings. Four of the individual non-managing members of TCG Holdings are not United States citizens – two are citizens of France, one is a citizen of Australia and one is a citizen of Japan. All other members of TCG Holdings are U.S. citizens. The members of TCG Holdings that are not U.S. citizens hold, in the aggregate, less than 2.20 percent of the equity interest of TCG Holdings. Thirty-four individuals serve as officers of TCG Holdings and/or TC Group, L.L.C. or serve in positions with such entities that may be considered comparable to that of an officer of a corporation. Of those thirty-four individuals, thirty are United States citizens, two are citizens of France, one is a citizen of Australia and one is a citizen of Japan.

percent and 5.4 percent respectively. All of these three investors are U.S. citizens (or domestically organized entities owned solely by U.S. citizens).

Non-U.S. limited partners hold an interest of approximately 45.04 percent in Carlyle Partners III Telecommunications and 3.73 percent in CPIII Coinvestment. The largest single alien limited partner in Carlyle Partners III Telecommunications is an entity affiliated with a government that is a member of the WTO, with a capital participation share of 3.89 percent. Non-U.S. limited partners organized in WTO member countries have a total capital participation share of about 42.74 percent in Carlyle Partners III Telecommunications (including very small stakes held by investment entities affiliated with the governments of another three WTO countries). Limited partners organized in non-WTO member countries (Saudi Arabia, the Bahamas, Liberia and Monaco) account for only about 2.30 percent of the total equity in Carlyle Partners III Telecommunications. In CPIII Coinvestment, all non-U.S. limited partners are organized in WTO countries, with the exception of a 0.02% stake from Saudi Arabia. Under the Carlyle Partners III Telecommunications limited partnership agreements, the limited partners have no material involvement in the control and management of the operation of the limited partnership. Similarly, under the CPIII Coinvestment limited partnership agreement, non-U.S. limited partners have no involvement in management and control with respect to the investment in PanAmSat.

In sum, non-U.S. limited partners hold an interest of approximately 45.04 percent in Carlyle Partners III Telecommunications and 3.73 percent in CP III Coinvestment. Since the vast majority of the Carlyle investment will be held by Carlyle PanAmSat I, this equates

conservatively to approximately 12.35 percent or less foreign limited partner participation in PanAmSat by the Carlyle private equity partnerships.

Carlyle will place two individuals on PanAmSat's board of directors. These individuals, both of whom will be U.S. citizens, will be Bruce E. Rosenblum and another employee of the Carlyle Group.

3. Providence¹⁴

Approximately 27.41 percent of PanAmSat's stock will be held by Providence Equity Partners IV, LP ("PEP IV LP") and Providence Equity Operating Partners IV, LP ("PEOP IV LP") through two limited liability companies, PEP PAS, LLC and PEOP PAS, LLC.¹⁵ Each of the limited liability companies has four officers: Jonathan M. Nelson (President and Managing Director), Glen M. Creamer (Executive Vice President and Managing Director), Paul J. Salem (Executive Vice President and Managing Director), and Ray Mathieu (Chief Financial Officer and Treasurer).

PEP IV LP and PEOP IV LP are private equity partnerships managed by the principals of Providence Equity Partners, Inc., a U.S. private investment firm specializing in equity investments in, among other things, communications and media companies around the world.¹⁶

¹⁴ All Providence entities discussed herein are organized under Delaware law and have their principal place of business in the U.S.

¹⁵ The vast majority of the Providence Equity investment will be held by PEP IV LP through PEP PAS, LLC.

¹⁶ PEP IV LP's U.S. holdings include: Northland Cable Networks LLC, a regional cable system operator that holds satellite earth station, cable television relay service and other licenses; Mountain States Cable Television, another regional cable system operator;

The Providence Equity principals manage funds with over \$5 billion in equity commitments (including PEP IV LP and PEOP IV LP), and have invested in more than 70 companies operating in over 20 countries. Providence Equity's objective is to create value by building lasting partnerships with talented entrepreneurs and providing them with the capital, industry expertise and broad network of relationships necessary to build companies that will shape the future of the communications and media industries.

The sole general partner of both PEP IV LP and PEOP IV LP is Providence Equity Partners GP IV LP ("PEP IV GP"), which holds a 0.2 percent equity stake in PEP IV LP. The sole general partner of PEP IV GP is Providence Equity Partners IV LLC ("PEP IV LLC"). Twenty-five limited partners hold the remainder of the equity. Twenty-one of the limited partners are U.S. citizens, one is a citizen of Germany, one is a citizen of Ireland, one is a citizen of France and one is a citizen of India. As a group, the non-U.S. citizens own a combined total of less than 2.25 percent of PEP IV GP's equity, which translates into a negligible (0.001 percent) equity interest in PanAmSat.

Mr. Jonathan M. Nelson, a U.S. citizen, is a managing member of PEP IV LLC and holds 50 percent of the voting interest in PEP IV LLC. The remaining 50 percent voting interest is held by two other U.S. citizens, Glen M. Creamer and Paul J. Salem. Three domestic limited partnerships are non-managing members of PEP IV LLC.

Yankee Entertainment Sports Network, LLC, a regional cable programming network; an expected minority interest in Freedom Communications, which holds television broadcast and satellite earth station licenses; certain other broadcast properties; an interest in Consolidated Communications, a local telephone company primarily operating in Illinois; and an interest in Madison River Telephone Company, a company whose subsidiaries likewise hold section 214, Local Multipoint Distribution Service and other licenses.

The remainder of the equity of PEP IV LP is held by its limited partners, which consist of over 100 U.S. and non-U.S. entities. They include institutional investors, retirement funds, and educational endowment funds. Most of PEP IV LP's limited partners own less than 1 percent of the equity in the limited partnership, and none owns 6 percent or more. Non-U.S. limited partners have a capital participation share of about 18.25 percent in PEP IV LP, which translates into approximately a 5 percent equity interest in PanAmSat. This includes an interest of about 1.8 percent held by an investment entity affiliated with the government of a WTO country. All of the alien investors are organized in WTO countries. The limited partners have no material involvement in the control or management of PEP IV LP. The limited partners of PEOP IV LP consist of 13 individuals or entities. All but one are U.S. citizens (or domestically organized entities owned by U.S. citizens); the total alien ownership in the fund is 5.62 percent (from one WTO country). No alien limited partner of PEOP IV LP will have any material involvement in the control or management of PEOP IV LP.

In sum, non-U.S. limited partners have a capital participation share of about 18.25 percent in PEP IV LP and about 5.62 percent in PEOP IV LP. Since the vast majority of the Providence investment will be held by PEP PAS, this equates conservatively to about 5 percent or less foreign limited partner participation in PanAmSat by the Providence private equity partnerships.

Providence will place two individuals on PanAmSat's board of directors. These individuals, both of whom are U.S. citizens, will be Paul J. Salem and Michael J. Dominguez.

Foreign Ownership and Participation

Most of the limited partners, and all of the alien limited partners, of KKR Fund, Carlyle Partners III Telecommunications and PEP IV LP are passive investors who are precluded by their respective partnership agreements from participating in the management of the partnership or its investments and whose rights do not extend beyond usual and customary investor protections.¹⁷ Moreover, the limited partner interests in KKR Fund, Carlyle Partners III Telecommunications and PEP IV LP are distributed widely among a variety of institutions and private investors, and in each case the majority of such interests are held by U.S. individuals and/or entities organized under U.S. law and under the control of U.S. citizens.

The aggregate indirect equity interests held by foreign limited partners – i.e., by limited partners that are foreign nationals or organized in foreign countries – of the Private Equity Funds is approximately 23.09 percent. That figure is determined by multiplying the aggregate interests of foreign limited partners in KKR Fund, Carlyle Partners III Telecommunications and PEP IV LP, respectively, by the percentage of stock in PanAmSat to be held by each of those three entities.¹⁸ For example, foreign limited partners hold approximately 12.91 percent of the partnership interests in KKR Fund, which, through Constellation, LLC, will acquire 44.44

¹⁷ Indeed, all non-U.S. limited partners in KKR Fund, Carlyle Partners III Telecommunications, and PEP IV LP are insulated from participation in management or control in accordance with the guidelines set forth by the Commission in Reexamination of the Commission's Rules and Policies Regarding the Attribution of Ownership Interests in Broadcast, Cable Television and Newspaper Entities, 58 Rad. Reg (P&F) 604, 613 (1985), *modified on other grounds*, 1 FCC Rcd 802 (1986).

¹⁸ For convenience, these calculations have not included separate figures for the co-investment vehicles established by KKR, Carlyle, and Providence. In each case, however, the percentage of non-U.S. participation in these vehicles is less than the percentage of non-U.S. participation among the investors in the principal's funds.

percent of the stock of PanAmSat. Thus, the foreign LPs in KKR Fund will hold an indirect interest in PanAmSat of approximately 5.74 percent (12.91 percent X 44.44 percent).

Similarly, foreign limited partners hold approximately 45.04 percent of the partnership interests in Carlyle Partners III Telecommunications, which in turn will acquire 27.41 percent of the stock of PanAmSat.¹⁹ Thus, the foreign Carlyle Partners III Telecommunications limited partners will hold an indirect 12.35 percent equity interest in PanAmSat. Finally, PEP IV LP's foreign limited partners hold approximately 18.25 percent of its partnership interests, and PEP IV LP in turn will acquire 27.41 percent of PanAmSat's stock.²⁰ The PEP IV LP foreign limited partners therefore will hold a combined indirect 5.00 percent equity interest in PanAmSat. Accordingly, the aggregate interests of the KKR Fund, Carlyle Partners III Telecommunications and PEP IV LP foreign limited partners in PanAmSat will be approximately 23.09 percent. Further, the largest single non-U.S. limited partner's interest in PanAmSat will be less than 1.6 percent.²¹

With the exception of investors with very small stakes from only four countries, amounting to an indirect 0.6 percent equity interest in PanAmSat, as discussed above, all of the foreign limited partners in KKR Fund, Carlyle Partners III Telecommunications and PEP IV LP are institutions organized under and headquartered and operating primarily in nations that are

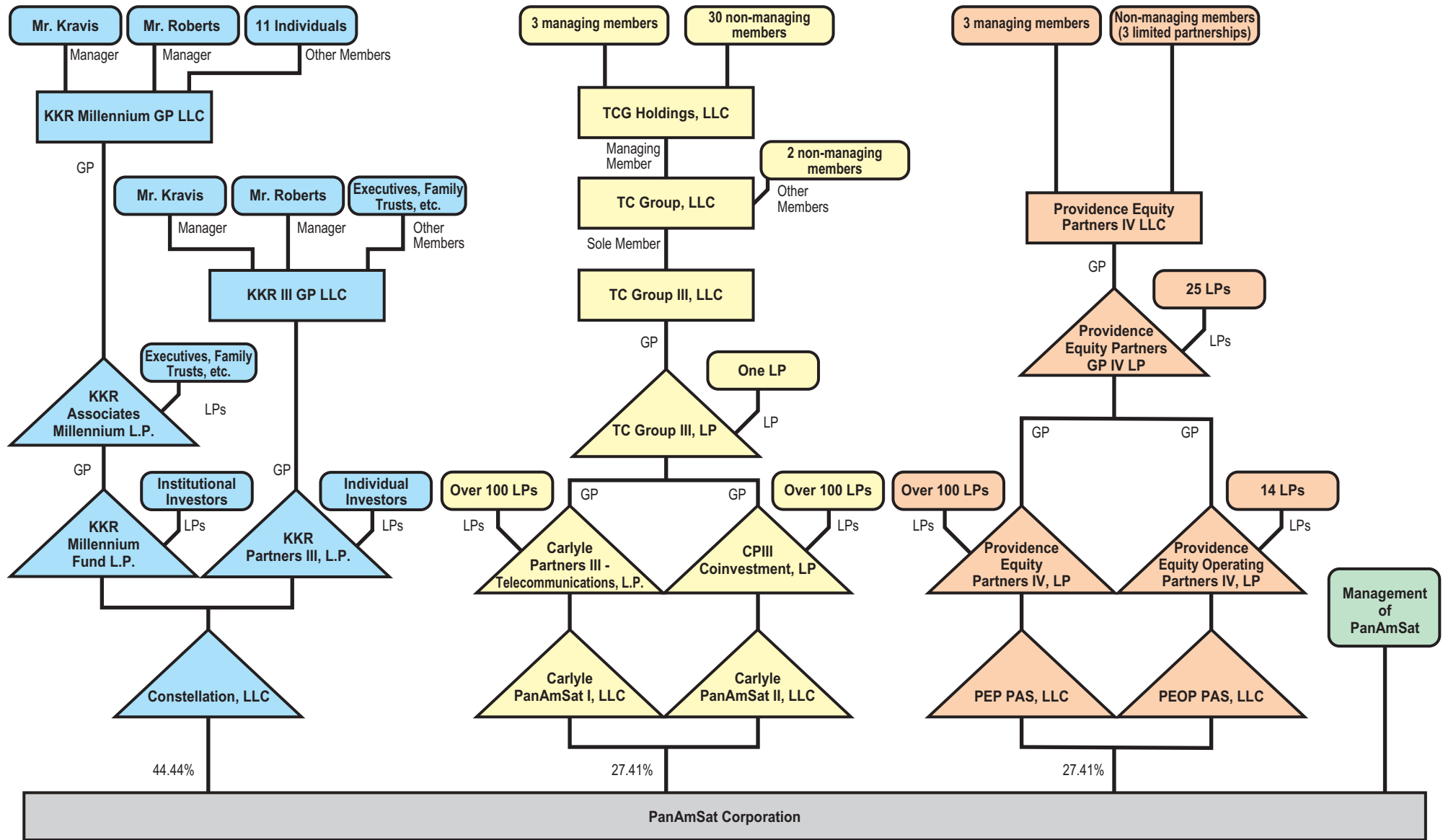
¹⁹ As noted above, this calculation conservatively assumes away the lower foreign participation in CPIII Coinvestment, which will have a small share of the 27.41 percent Carlyle equity stake.

²⁰ Again, this calculation conservatively assumes away the lower foreign participation in PEP IV LP, which will have a small share of the 27.41 percent Providence equity stake.

²¹ That figure is determined by multiplying the limited partner's percentage interest in the Fund in which it participates by that Fund's interest in PanAmSat.

members of the WTO. Seven of the foreign limited partners in the three Funds are government-controlled or affiliated investment vehicles (including two KKR Fund limited partners, four Carlyle Partners III Telecommunications limited partners, and one PEP IV LP limited partner). The largest interest held by any of these government-controlled or affiliated entities will be less than 1.6 percent of the equity in PanAmSat.

The remaining limited partners in KKR Fund, Carlyle Partners III Telecommunications and PEP IV LP are U.S. individuals and institutional investors organized under U.S. law including state and corporate pension funds, banks, insurance companies, university endowments, and private equity investment vehicles. To the knowledge of the Private Equity Funds, none of the limited partners is engaged in the satellite business. As noted previously, most of the limited partners in all three groups of funds – including specifically all of the foreign limited partners – will not be involved in the management of PanAmSat. None will have the ability to control or influence PanAmSat's affairs, and none will have access to any information related to national security concerns or other sensitive material.



Proposed New 10% or Greater Owners of PanAmSat

Three groups of private equity partnerships will acquire 10% or greater voting and/or equity interests in PanAmSat Corporation (“PanAmSat”). Relevant information concerning these entities is set forth in the chart below. All of the entities listed are Delaware limited liability companies.

Name	Address	Citizenship	Voting/ Equity Interest
Constellation, LLC	c/o Kohlberg Kravis Roberts & Co. L.P. 9 West 57th Street New York, NY 10019	U.S. limited liability company	44.44%
Carlyle PanAmSat I, LLC and Carlyle PanAmSat II, LLC	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	U.S. limited liability companies	27.41%
PEP PAS, LLC and PEOP PAS, LLC	50 Kennedy Plaza 18 th Floor Providence, RI 02903	U.S. limited liability companies	27.41%

More detailed ownership information is contained in this Exhibit.

The PanAmSat Board of Directors

The PanAmSat Board of Directors will consist of nine members. Constellation, LLC will appoint four directors. Carlyle PanAmSat I and Carlyle PanAmSat II, LLC will appoint two directors. PEP PAS, LLC and PEOP PAS, LLC will also appoint two directors. PanAmSat’s CEO will be the ninth director. Information concerning these individuals, all of whom will be U.S. citizens, is set forth in the chart below.

Name	Address	Affiliation
Alexander Navab	c/o Kohlberg Kravis Roberts & Co. L.P. 9 West 57th Street New York, NY 10019	KKR
Joseph Bae	c/o Kohlberg Kravis Roberts & Co. L.P. 9 West 57th Street New York, NY 10019	KKR

George Fisher	c/o Kohlberg Kravis Roberts & Co. L.P. 9 West 57th Street New York, NY 10019	KKR
To be determined ¹		KKR
Bruce E. Rosenblum	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	Carlyle
To be determined ²		Carlyle
Paul J. Salem	50 Kennedy Plaza 18 th Floor Providence, RI 02903	Providence
Michael J. Dominguez	50 Kennedy Plaza 18 th Floor Providence, RI 02903	Providence
Joseph R. Wright, Jr.	PanAmSat Corporation 20 Westport Road Wilton, CT 06897	PanAmSat

Officers and Managing Members of the Acquiring LLCs

As detailed above, PanAmSat's stock (except for a small portion thereof to be retained by existing PanAmSat management) will be acquired by five limited liability companies. The relevant officers and managing members of these entities are detailed in the charts below.

¹ The fourth director to be nominated by KKR has not been finally determined, but will be a KKR executive or senior advisor.

² The second director to be nominated by Carlyle will be a Carlyle employee.

Constellation, LLC		
Name	Address	Title
Alexander Navab	c/o Kohlberg Kravis Roberts & Co. L.P. 9 West 57th Street New York, NY 10019	President
Joseph Bae	c/o Kohlberg Kravis Roberts & Co. L.P. 9 West 57th Street New York, NY 10019	Vice President, Treasurer and Assistant Secretary
William Janetschek	c/o Kohlberg Kravis Roberts & Co. L.P. 9 West 57th Street New York, NY 10019	Vice President, Secretary and Assistant Treasurer

Carlyle PanAmSat I, LLC		
Name	Address	Title
William E. Conway, Jr.	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	Managing Director
Daniel A. D’Aniello	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	Managing Director
John F. Harris	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	Managing Director

Attachment 2
Addendum B

Bruce E. Rosenblum	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	Managing Director
David M. Rubenstein	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	Managing Director

Carlyle PanAmSat II, LLC		
Name	Address	Title
William E. Conway, Jr.	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	Managing Director
Daniel A. D’Aniello	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	Managing Director
John F. Harris	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	Managing Director
Bruce E. Rosenblum	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	Managing Director
David M. Rubenstein	1001 Pennsylvania Avenue, NW Suite 220 South Washington, DC 20004-2505	Managing Director

PEP PAS, LLC		
Name	Address	Title
Jonathan M. Nelson	50 Kennedy Plaza 18 th Floor Providence, RI 02903	President and Managing Director
Glen M. Creamer	50 Kennedy Plaza 18 th Floor	Executive Vice President and

Attachment 2
Addendum B

	Providence, RI 02903	Managing Director
Paul J. Salem	50 Kennedy Plaza 18 th Floor Providence, RI 02903	Executive Vice President and Managing Director
Ray Mathieu	50 Kennedy Plaza 18 th Floor Providence, RI 02903	Chief Financial Officer and Treasurer

PEOP PAS, LLC		
Name	Address	Title
Jonathan M. Nelson	50 Kennedy Plaza 18 th Floor Providence, RI 02903	President and Managing Director
Glen M. Creamer	50 Kennedy Plaza 18 th Floor Providence, RI 02903	Executive Vice President and Managing Director
Paul J. Salem	50 Kennedy Plaza 18 th Floor Providence, RI 02903	Executive Vice President and Managing Director
Ray Mathieu	50 Kennedy Plaza 18 th Floor Providence, RI 02903	Chief Financial Officer and Treasurer